

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12 TRSE-00

MBFR-03 SAJ-01 SS-15 NSC-10 OMB-01 RSR-01 /107 W

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R 111035 Z MAY 73

FM USMISSION NATO

TO SECSTATE WASHDC 0046

SECDEF WASHDC

INFO ALL NATO CAPITALS 2943

USCINCEUR

USLOSACLANT

USNMR SHAPE

C O N F I D E N T I A L USNATO 2309

E. O. 11652: AGDS 12-31-74

TAGS: MCAP, NATO

SUBJECT: PERCENT OF GNP FOR DEFENSE AND DEFENSE EXPENDITURES

SUMMARY: THIS MESSAGE EXPLAINS WHY DRAFT MINISTERIAL GUIDANCE (DRC/ WP(73)4 (REVISED)) ESTIMATES THAT DPC EUROPE (NATO EUROPE COUNTRIES LESS FRANCE) ALLOCATED IN CY 1972 AN AVERAGE OF 4.4 PERCENT OF GNP TO DEFENSE (PAST ESTIMATE IN ISM(72)13 WAS 4.2 PERCENT) AND REPORTS LATEST AVAILABLE PROJECTIONS OF DEFENSE EXPENDITURES IN NATIONAL CURRENCIES BY COUNTRY. END SUMMARY.

1. ESTIMATE IN DRAFT MINISTERIAL GUIDANCE (DRC/ WP(73)4 (REVISED)) THAT DPC EUROPE ALLOCATED IN CY 1972 AN AVERAGE OF 4.4 PERCENT OF GNP TO DEFENSE IS BASED ON LATEST INFORMATION AVAILABLE TO NATO INTERNATIONAL STAFF (IS) THROUGH COUNTRY REPLIES TO QUARTERLY REPORTS ON DEFENSE EXPENDITURES. QUARTERLY REPORTS INDICATE THAT ITALY AND THE UK HAVE SUBSTANTIALLY INCREASED THEIR LEVEL OF DEFENSE SPENDING IN CY 1972 OVER EARLIER ESTIMATES. THUS IS NOW ESTIMATES ITALY DEVOTED 3.5 PERCENT OF GNP TO DEFENSE IN CY 1972 (IN LIEU OF 3.1 PERCENT IN CONFIDENTIAL

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DECEMBER VERSION OF IS MEMORANDUM ON BASIC STATISTICAL DATA, ISM(72)13 AND UK 6.2 PERCENT (IN LIEU OF 5.8 PERCENT). THESE INCREASES BY ITALY AND UK IN PERCENT OF GNP ALLOCATED TO DEFENSE RESULT IN AN INCREASE IN THE DPC EUROPE

AVERAGE PERCENT OF GNP FOR DEFENSE FROM 4.2 PERCENT TO 4.4 PERCENT.

2. THIS NEW AVERAGE, ADJUSTED TO TAKE ACCOUNT OF ANY NEW INFORMATION THAT BECOMES AVAILABLE BETWEEN NOW AND JUNE, WILL APPEAR IN THE JUNE VERSION OF THE INTERNATIONAL STAFF MEMORANDUM (ISM) ON BASIC STATISTICAL DATA ON THE DEFENSE EFFORT AND ECONOMIC DEVELOPMENT OF NATO COUNTRIES. OF COURSE, ANY SIGNIFICANT REVISED ESTIMATES IN GNP WOULD ALTER PERCENTAGE GOING TO DEFENSE. INFORMATION AVAILABLE IN COUNTRY REPLIES TO QUARTERLY REPORTS ALSO INDICATE THAT PERCENT OF GNP FOR BELGIUM AND FRG IN CY 1972 WILL DROP SLIGHTLY IN JUNE VERSION OF ISM ON BASIC STATISTICAL DATA.

3. LATEST AVAILABLE DEFENSE EXPENDITURE ESTIMATES ARE GIVEN BELOW IN CURRENT PRICES IN NATIONAL CURRENCIES FOR CY 1972. ESTIMATES ARE IN MILLIONS OF NATIONAL CURRENCY EXCEPT FOR ITALY, WHERE FIGURES ARE EXPRESSED IN MILLIARDS.

BELGIUM	43,496
CANADA	2,238
DENMARK	3,386
FRG	28,270
ITALY	2,162
LUXEMBOURG	517
NETHERLANDS	4,974
UK	3,315

4. NO OTHER COUNTRIES HAVE YET REPORTED CHANGES IN DEFENSE EXPENITURES FOR CY 1972.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NATO02309
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730558/abqcdzot.tel
Line Count: 86
Locator: TEXT ON-LINE
Office: n/a
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by boyleja>; APPROVED <19-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERCENT OF GNP FOR DEFENSE AND DEFENSE EXPENDITURES
TAGS: MCAP, NATO
To: STATE
SECDEF INFO ALL NATO CAPITALS
USCINCEUR
USLOSACLANT
USNMR SHAPE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

